



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

January 25, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *tm*
Auditor-Controller

SUBJECT: **MARAVILLA FOUNDATION CONTRACT - WORKFORCE INVESTMENT
ACT YOUTH PROGRAM**

We have conducted a program, fiscal and administrative contract review of Maravilla Foundation, a Workforce Investment Act (WIA) youth program service provider.

Background

The Department of Community and Senior Services (DCSS) contracts with Maravilla Foundation (Maravilla or Agency), a private non-profit organization, to provide and operate the WIA youth program. The WIA youth program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Maravilla's office is located in the First District.

Maravilla is compensated on a cost reimbursement basis. Maravilla's contract for Fiscal Year (FY) 2005-2006 was for \$258,159.

Purpose/Methodology

The purpose of the review was to determine whether Maravilla complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible youth participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County program guidelines.

"To Enrich Lives Through Effective and Caring Service"

Results of Review

Overall, the Agency provided the services required in the County contract. All ten participants met the eligibility requirements for the WIA Youth Program and the case files for all ten program participants contained documentation to support the services billed to DCSS. In addition, the Agency maintained adequate internal controls over its business operations. Maravilla's expenses were allowable, accurately billed to DCSS and supported by documentation as required. However, the scheduled hours of operation for Maravilla's Teen Center did not comply with the County contract. Maravilla is required to open the Teen Center at 1:00 p.m. Monday through Friday. Maravilla opens the Teen Center at 2:00 p.m.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Maravilla on December 13, 2006. In their attached response, Maravilla indicated that the Teen center is open until 6:30 p.m. as required but did not indicate the time that the Teen Center opens. As noted, the County contract requires Maravilla to open at 1:00 p.m., Monday through Friday and Maravilla opens at 2:00 p.m.

We also notified DCSS of the results of our review. We will follow-up our recommendations during next year's monitoring review. We thank Maravilla for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Alex Sotomayor, Director, Maravilla Foundation
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
MARAVILLA FOUNDATION
FISCAL YEAR 2005-06**

ELIGIBILITY

Objective

Determine whether Maravilla Foundation (Maravilla or Agency) provided services to youth that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We sampled 10 (10%) program participants from a total of 103 participants that received services between July 2005 and May 2006 and reviewed their case files for documentation to confirm their eligibility for WIA program services.

Results

All ten participants met the eligibility requirements for the WIA Youth Program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA program guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (10%) program participants that received services during July 2005 through May 2006. We also interviewed four youth participants/guardians.

Results

The four participants/guardians interviewed stated that the services received met their expectations. In addition, the case files for all ten program participants contained documentation to support the services billed to DCSS.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2006 bank reconciliation.

Results

Maravilla maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 13 (50%) of the 26 non-payroll expenditure transactions billed by the Agency for February, March, and April 2006, totaling \$8,842.

Results

Maravilla's expenses were allowable, accurately billed to DCSS and supported by documentation as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, Maravilla maintained sufficient internal controls over its business operations. However, Maravilla did not maintain the required hours of operation. Maravilla's hours of operations were from 2:00 p.m. to 6:00 p.m., Monday through Friday. The County contract requires that Maravilla open at 1:00 p.m. to 6:30 p.m., Monday through Thursday, and from 1:00 p.m. to 6:00 p.m. on Fridays. Subsequent our review, Maravilla informed us that the Teen Center is opened until 6:30 p.m. as required. However, the County contract requires Maravilla to open at 1:00 p.m., Monday through Friday and Maravilla opens at 2:00 p.m.

Recommendation

1. Maravilla management ensure that the hours of operation are maintained as specified in the County contract.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Maravilla's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets inventory listing. In addition, we performed an inventory and reviewed the usage of ten (53%) of the nineteen items purchased with WIA funds, totaling approximately \$11,123.

Results

Maravilla used the items purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations for the section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenditures invoiced for three employees in April 2006, totaling \$8,915, to the payroll records and time reports. We also interviewed one employee and reviewed the personnel files for three staff assigned to the WIA program.

Results

Maravilla appropriately charged payroll expenses to the WIA program. In addition, Maravilla's personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's cost allocation plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed Maravilla's cost allocation plan and reviewed a sample of expenditures incurred by the Agency during February, March and April 2006.

Results

Maravilla's cost allocation plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.



January 17, 2006

J. Tyler McCauley
Auditor Controller
County of Los Angeles
Department of Auditor Controller
500 West Temple Street, Room 525
Los Angeles, California 90012-2766

RE: Final Draft Report for FY 2005-06 WIA Program Monitoring Review
Internal Controls/Contract Compliance

FINDING: Maravilla did not maintain the required hours of operation, specifically 1:00-6:30 p.m. Monday through Thursday, which was discussed on 12/13/06.

RESPONSE: Maravilla Foundation's Teen Center is open until 6:30 p.m., per our contract with the County of Los Angeles. Documents were provided to Auditors showing the activities are provided through 6:00 p.m. During the last half hour the teachers/tutors are cleaning their areas, the teens are waiting for their parents and the staff is organizing all areas in preparation to close up at 6:30 p.m.

I do not believe that this should reflect as a finding and hope that the above statements are considered in your final report. Should you have any questions, please do not hesitate to call me at (323) 869-4503.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mary Loya'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Mary Loya
Operations Manager